

## Operating Costs for New Capital Facilities

On March 13, 2001, Phoenix voters approved a \$753.9 million bond program, as recommended by the Citizens' Bond Committee. As part of their recommendation, the bond committee included a careful analysis of the impact of operating costs, cost savings and revenues on the General Fund. To help offset the net operating costs associated with the new program, the bond committee recommended that \$7 million be shifted from secondary property taxes (used for the payment of debt service) to primary property taxes (a General Fund revenue source) in fiscal year 2003-04, and that an additional \$3 million be shifted from secondary property taxes to primary property taxes in 2004-05. This shift would then remain in place at no more than the combined \$10 million per year. The combined property tax rate would remain at the current \$1.82.

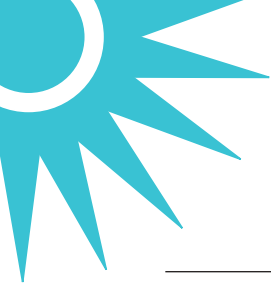
Then in 2003, in response to a projected shortfall in the general fund, the bond committee recommended that 2003-04 projects requiring General Fund operating costs be delayed. Land acquisition, design and other non-operating cost projects were advanced with the overall bond program remaining a five-year program. The bond committee's recommended changes reduced General Fund operating costs for 2003-04 from \$9.5 million to \$3.6 million.

Based on the bond committee's latest schedule, General Fund operating costs are \$7.6 million for 2004-05 projects, and are projected to be \$12.6 million for 2005-06 projects.

Multi-year rate planning processes are used by enterprise operations to provide the City Council with the effects new capital facilities will have on future rate-payers.

Finally, for more than 20 years the energy conservation program has generated annual cost savings in excess of \$250,000. This program provides for energy efficient retrofits, energy efficient design and metering for efficient operations.

The schedule on the next page provides details of the total net operating and maintenance costs for funding in the 2004-05 budget, along with full-year operating and maintenance costs for the 2005-06 fiscal year.



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**OPERATING COSTS FOR NEW CAPITAL FACILITIES**

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	2004-05	2005-06
<b>Arts &amp; Culture</b>		
Arizona Science Center Expansion	\$ 39,000	\$ 39,000
Phoenix Theatre Expansion	26,000	26,000
<b>Fire</b>		
Station 32 - 40th Street and Baseline Road	454,000	1,650,000
Station 54 - 94th and Campbell avenues	1,368,000	1,200,000
Station 56 - I-17 and Carefree Highway	257,000	1,650,000
800 MHz Replacement Project	166,000	120,000
<b>Information Technology</b>		
800 MHz*	104,000	76,000
Telephone System Stabilization*	72,000	96,000
System Management-Ecommerce*	184,000	212,000
<b>Human Services</b>		
Expanded Reserve-A-Ride Transportation	—	78,000
<b>Library</b>		
Burton Barr Central Library	28,000	28,000
Cesar Chavez Regional Library**	119,000	1,266,000
Desert Broom Branch Library	438,000	787,000
Palo Verde Branch Library	54,000	65,000
<b>Neighborhood Services</b>		
Neighborhood Resource Center - 24th Street and Broadway Road	36,000	71,000
<b>Parks and Recreation</b>		
33rd Avenue and Williams Park	55,000	83,000
ASU West Park	65,000	130,000
Cesar Chavez Maintenance Yard	90,000	180,000
Cricket Pavilion Parking	22,000	22,000
Dynamite Park	187,000	160,000
Hamilton School Sports Field	136,000	106,000
Kuban Park	45,000	54,000
John F. and Mary Long Homestead Park	53,000	80,000
Laveen Area Conveyance Channel	425,000	224,000
Laveen Farms Park	81,000	109,000
Los Olivos Building Expansion	30,000	51,000
Maryvale Community Center	745,000	813,000
Monterey Park	6,000	6,000
North Mountain Environmental Center	241,000	263,000
Paradise Valley Park	71,000	142,000
Puerto Park	52,000	89,000
Pueblo Grande Museum	90,000	135,000
Rio Salado Project	320,000	320,000
Rose Mofford Softball Complex	64,000	64,000
Street Landscaping Maintenance	70,000	44,000
Tuscano Park I and II	81,000	109,000

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**OPERATING COSTS FOR NEW CAPITAL FACILITIES (continued)**

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	2004-05	2005-06
<b>Police</b>		
Communications Operators	\$ 741,000	\$ 1,588,000
Neighborhood Resource Center	184,000	161,000
800 MHz Replacement Project	422,000	305,000
<b>Public Works</b>		
Heavy Equipment Mechanic for Growth in Fleet	5,000	60,000
<b>Water Services</b>		
Arsenic Treatment Program	665,000	720,000
Cave Creek Water Reclamation Facility Recharge/Recovery Wells	51,000	102,000
Chlorine Containment System	47,000	95,000
Hayden Road Crossover Booster	164,000	164,000
New Chlorination Systems - Wells and Remote Sites	302,000	180,000
Pecos Service Yard	67,000	67,000
Union Hills Water Treatment Plant - Solids Handling Facility	260,000	304,000
Union Hills Water Treatment Plant - Pre-sedimentation Basin	100,000	100,000
<b>Wastewater Services</b>		
91st Avenue Multi-phase Digestion	181,000	197,000
New Lift Station #65	18,000	18,000
Salt River 91st Avenue Outfall Odor Scrubber	105,000	105,000
Use of 1-ton Chlorine Cylinders instead of 17-ton Cylinders	185,000	191,000
Use of 1-ton Chlorine Cylinders instead of 90-ton Railcars	205,000	205,000
<b>Net Total Costs</b>	<b>\$9,976,000</b>	<b>\$15,110,000</b>
<b>Source of Funds</b>		
General	7,605,000	12,641,000
Civic Plaza	21,000	21,000
Water	1,656,000	1,732,000
Wastewater	694,000	716,000
<b>Total Source of Funds</b>	<b>\$10,075,000</b>	<b>\$16,290,000</b>

\*These costs are net of charges to enterprise and special revenue funds (with the exception of 800 MHz which also includes revenues received from participating cities).

\*\*The cost in 2004-05 is for staffing of the Cesar Chavez Regional Library in preparation for the August 2005 opening.